



# Customer Insights – a Supermarket Perspective

NZ Beef and Lamb AgInnovation Workshop  
Darren Jacobs, Merchandise Manager – Fresh Foods

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# Introductions

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# Agenda

Foodstuffs North Island – Who are we?

Our ‘Butcher Shops’

How important is Meat to us?

Customer Insights - the latest research

Beyond price – retaining customers and growing sales

Summary

# Foodstuffs North Island – Who are we?

**Owner operated supermarket co-operative**

**NZ's biggest supermarket**

- 55% market share
- \$6b+ turnover
- 40 Pak n Save stores
- 100 New World stores
- 400 4 Square stores

**North Island Wide.**

# Our 'Butcher Shops'

All Pak N Save and New World stores have a butchery operated by fully qualified butchers.

600+ qualified butchers

Largest trainers of butchers in NZ – 130 apprentices in training

Operate both Carcass and Boxed butcheries

No central processing facility – all Meat processed at store.

Beef and Lamb certified

# How Important is Meat to us?

**62,000,000kg sold per year**

**A \$650m business**

**10% of total store sales**

# How important is Meat to us?

Meat is a '**Source of Inspiration**' for our customers – they decide on their protein first and this drives purchases across the rest of the store

Customer research tells us Meat **pricing** is extremely important

Customer research tells us our Meat **selection** is extremely important

**Availability** of proteins is the **key concern** for supermarkets

# How Important is Beef and Lamb to Us?

**37% of Meat volume**

**44% of Meat value**

**(Chicken 23%)**

**8000 Beef rumps = 1 week in Pak n Save (on special)**

**80,000+ lamb legs at xmas**



# Customer Insights

Customer research tells us that the category in our supermarkets that **customers are most likely to shop around for is Meat.**

If we want to **keep our customers**, our Meat must be price competitive

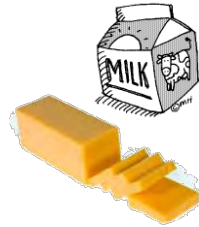
If we want to **win new customers**, we can do so by offering **value** in our Meat department

More than ever, customers want **more variety (range)** and more **gourmet** options in our meat cabinet

# Products MOST likely to shop around for....



Fresh Meat  
**54%**



Dairy Products  
**50%**



Pet Food  
**13%**



Alcohol  
**25%**



Fresh Fruit  
**17%**



Bread  
**17%**

Fresh Veggies  
**16%**



Tinned Products  
**10%**



Coffee  
**10%**



Cereal  
**8%**



Baby Products  
**7%**

# Meat is always a key feature of advertising

17 - 23 March 2014

**THOUSANDS OF SAVINGS EVERY DAY IN STORE**

**100% NZ OWNED**

NZ Beef Rump Steak or Roast **11<sup>99</sup>** **SUPER SAVER**

Australian or Chilean Green or Red Seedless Grapes **3<sup>99</sup>** **SUPER SAVER** kg

Wattie's Standard Spaghetti or Baked Beans 420g **5<sup>00</sup>** **SUPER SAVER** 4 for or \$1.69 each

Tip Top Ice Cream 2 Litre **4<sup>99</sup>** **SUPER SAVER**

Montana 750ml (Excludes Wine Makers Series & Showcase) **8<sup>99</sup>**

Shop & Get Rewards **FlyBuys** **NW NEW WORLD**

**MEAT WEEK ON NOW**

**Rockface Pinot Noir 750ml 12<sup>99</sup>**  
Roasted with rosemary, lemon juice and a touch of olive oil, serve with a South Island Pinot Noir whose soft tannins and sweet berry flavours will add a layer of complexity.

**NZ Lamb Leg Roast 10<sup>99</sup>** **SUPER SAVER** kg  
Best of NEW ZEALAND BEEF & LAMB Certified Quality

**Silent Syrah 750ml 12<sup>99</sup>**  
Whether grilled or BBQ'ed, match with a New Zealand Syrah, the ripe supple tannins of syrah and balanced acidity will complement the sweet flavours of the lamb.

**NZ Lamb Leg Steak 19<sup>99</sup>** kg  
Best of NEW ZEALAND BEEF & LAMB Certified Quality

**Rabbit Ranch Central Otago Pinot Noir 750ml 23<sup>99</sup>**  
With the distinct layers of flavour and mouth-watering succulence that are characteristic of Alpine Origin Merino, the Merino Burger is perfect for the ultimate gourmet burger. Partner up with a mouth-watering fragrant Pinot Noir with soft sweet fruit.

**Hellers Merino Burgers 400g 5<sup>99</sup>** ea

**Ask our experts**

**Beef Porterhouse Steak tip:**  
Oil and season your steak before it hits the pan to ensure consistent cooking.

**Chicken Drums tip:**  
Great in the slow cooker for a busy household.

**Lamb Leg Roast tip:**  
Add fresh rosemary and garlic to an oven bag for simple and tasty roast lamb.

**9<sup>99</sup>** kg

**100% NZ BEEF** **Best of NEW ZEALAND BEEF & LAMB** Certified Quality

NZ Beef Schnitzel Plain or Marinated

Offer ends 18/03/14

**MEAT WEEK ON NOW**

# Key drivers of ranging satisfaction

The fresh categories below **bring customers in** when we get it right and **push them to the competition** (mostly leakage channels) when we miss the mark

## Meat



*“The variety of meat: flavoured sausages, meats wrapped in pastry. The other supermarkets do not have the same variety”*

## Fruit & Vege



*“Nice fresh fruit and veges. Other supermarkets always look manky and half rotten”*

## Bakery



*“Bakery cakes, biscuits and breads - they are tastier and nicer than the other supermarkets i.e. chocolate twists, focaccia bread, lamington cake”*

# Customer want more premium offerings and a wide meat selection



# Opportunities For A Ranging Advantage

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## Meat

- Majority not specifying particular items
- Premium meat cuts (e.g. Lamb rumps, pork fillets) and quality sausages the most frequent requests

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## Fruit & Vege

- Majority not specifying particular items
- Twice as many mentions of veges vs. fruit
- Some requests for 'locally grown' options

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## Bakery

- Specialty/artisan breads and ready to bake products
- Flavoured items e.g. Spinach and feta twists/breads
- Specialty cakes e.g. Birthday

# Beyond Price – Growing Value

Price is important – customers will walk away if it is not competitive

Moving beyond price is about **adding value** and **creating a point of difference** that the customer is willing to pay more for

There are two ways of achieving this – via **value add processing** and **feature based branding**

# Value-add processing

Value-Add processing is generally processor driven and incorporates unique product features / benefits, packaging and branding

Customers are willing to pay more for this





# Beyond Price – Growing Value

Foodstuffs partnered with Coastal Spring Lamb for the spring lamb season

Value growth targeted via offering:  
first to market spring lamb  
'naturally seasoned buy the sea'  
unique branding



# Summary for the farmer

Meat is *the* key department that helps decide where customers shop

Price is important but *value* can be added at both the grower and the processor level

Customers are increasingly seeking something **new** or **'gourmet'**

Consistency of supply is a supermarkets biggest concern

# Questions?